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Secl. II-27—150,000—21-5-48.

Development. (1948) Department.

MS SERIES.

G.O. No. 6338

Dated 23.12.1948

[Despatch Abstract.]

Subs- Co-operative Societies - Land Mortgage Banks - Central Land Mortgage Bank - Debentures Government guarantee - Increase from Rs. 400 lakhs to Rs. 480 lakhs. Sanctioned.

NOTICE:1-10-1948.

THE MADRAS LEGISLATIVE ASSEMBLY.

Notice has been received of the following

RESOLUTION.

Increase in the maximum amount of the guarantee given by Government in respect of debentures issued by the Madras Co-operative Central Land Mortgage Bank Ltd.

The Hon'ble Sri K. CHANDRAMOULI will move:-

"This Assembly recommends to the Provincial Government that they may under sub-section (2) of section 6 of the Madras Co-operative Land Mortgage Banks Act, 1934, increase the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Co-operative Control ~~Land~~ Land Mortgage Bank, Limited, upto a total face value of Rs. 450 lakhs, exclusive of such debentures as the Bank may from time to time redeem, such debentures being issued for periods not exceeding in any case 25 years from the date of issue and bearing interest at a rate not exceeding 5 per cent per annum.

EXPLANATORY NOTE.

In pursuance of the resolution passed by the Legislative Assembly on the 9th September 1946 on the subject, the Government increased in October 1946 the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Co-operative Central Land Mortgage Bank Ltd. under section 6 of the Madras Co-operative Land Mortgage Banks Act, 1934, to a total face value of Rs. 400 lakhs, exclusive of such debentures as the Bank might from time to time redeem.

2. The value of the debentures issued by the Bank under section 6 of the Act and outstanding on 31.7.1948 was Rs. 3,79,37,100. The margin of guarantee available for future issues is only Rs. 20,62,900. The Bank issued loans to the extent of Rs. 61.55 lakhs during 1947-48 and it expects to issue loans to the extent of Rs. 75 lakhs during 1948-49. As the present margin of guarantee will not be adequate to meet its requirements, the Bank has requested the Government to increase their guarantee from Rs. 400 lakhs to Rs. 500 lakhs, or by Rs. 100 lakhs. The Registrar of Co-operative Societies considers that the loan transactions, even at their peak, may not exceed Rs. 70 lakhs during the current co-operative year and that it will be sufficient if the maximum guarantee is enhanced by Rs. 50 lakhs for the present i.e. upto Rs. 450 lakhs. With the increase now proposed, the Bank will have a margin of guarantee of Rs. 70.63 lakhs and as it will have also a further margin of Rs. 10 lakhs representing its annual purchase of debentures for investment of the Debenture Redemption Funds, (which are cancelled on purchase) the increase guarantee of Rs. 450 lakhs will meet its present needs.

3. In the explanatory note on the resolution referred to in paragraph 1 above, it was stated that the question of the future policy to be adopted by the Government in regard to this guarantee would be examined. The question was subsequently gone into carefully in all its bearings and the Government decided that their guarantee of the debentures of the Bank should be continued for some more time. The Bank will not be able to raise funds as cheaply as it has been doing except for the guarantee and if such guarantee is with-

drawn, the burden of higher rates of interest will ultimately fall on the agriculturists. ~~xxx With~~ with the proposal enhancement to Rs 450 lakhs this guarantee will be within the maximum upper limited suggested by the Reserve Bank of India, viz. Rs. 5 crores.

4. The Government, therefore, propose to accept the Registrar's recommendation and rise the maximum guarantee from Rs. 400 lakhs to Rs. 450 ~~lacs~~ lakhs.

(SD) D.K.V. RAGHAVA VARMA,
Secretary to the Legislative Assembly.

/True copy/

Madr Secretariat of the Madras Legislature,
Fort St. George, the 18th October 1948.

The decision of the Legislative Assembly on the following resolution of the Hon. Sri K. Chandramouli is communicated to the Development Department, and the Private Secretary to H.E. the Governor.

RESOLUTION.

Increase in the maximum amount of the guarantee given by Government in respect of debentures issued by the Madras Co-operative Central Land Mortgage Bank Ltd.

"This Assembly recommends to the Provincial Government that they may under sub-section (2) of section 6 of the Madras Co-operative Land Mortgage Banks Act, 1934, increase the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Co-operative Central Land Mortgage Bank, Limited, upto a total face value of Rs. 450 lakhs, exclusive of such debentures as the Bank may from time to time redeem, such debentures being issued for periods not exceeding in any case 25 years from the date of issue and bearing interest at a rate not exceeding 5 per cent per annum.

Decision of the Assembly.

The motion was put and carried in the Assembly on 18.10.48.

U.O. No. 6442/48-1 M.L.
18.10.1948.

(Sd) HANUMANTHAPPA,
For Secretary, Madras Legislative Assembly.

To the Secretary to Government.
The Development Department.
The Private Secretary to H.E. the Governor

True copy/

SECRETARIAT OF THE MADRAS
LEGISLATURE,
Fort St. George, dated the 26th November 1948.

The decision of the Legislative Council on the following resolution of Hon. Sri K. Chandramouli is communicated to the Development Department, and Private Secretary to His Excellency the Governor.

RESOLUTION.

Increase in the maximum amount of the guarantee given by Government in respect of debentures issued by the Madras Co-operative Central Land Mortgage Bank, Ltd.

> "This Council recommends to the Provincial Government that they may under sub-section (2) of section 6 of the Madras Co-operative Land Mortgage Banks Act, 1934, increase the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Co-operative Central Land Mortgage Bank, Limited, up to a total face value of Rs. 450 lakhs, exclusive of such debentures as the Bank may from time to time redeem, such debentures being issued for periods not exceeding in any case 25 years from the date of issue and bearing interest at a rate not exceeding 5 per cent per annum."

DECISION OF THE COUNCIL.

The Resolution was carried in the Council on 25th November 1948.

U.O. 6441/48-1M.L.
27.11.1948.

M. SURYA RAO,
Secretary, Madras Legislative Council.

To the Secretary to Government,
The Development Department.
Private Secretary to His Excellency the Governor.

/True copy/

GOVERNMENT OF MADRAS.
ABSTRACT.

Co-operative Societies - Land Mortgage Banks - Central Land Mortgage Bank - Debentures - Government guarantee - Increase from Rs. 400 lakhs to Rs. 450 lakhs - Sanctioned.

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Development Department.

G.O. Ms. No. 6335 dated 23.12.1948.
Read the following:-

G.O. Ms. No. 3869 Development, dated 11.10.1946.
From the Registrar of Co-operative Societies letter No.Rc. 71665/48 J, dated 14.8.1948.

ORDER:

The following notification will be published in the Fort St. George Gazette:-

NOTIFICATION.

Whereas in Development Department Notification No. 672 Dated the 11th October 1946 published at page 709 of Part I of the Fort St. George Gazette, dated the 22nd October 1946, the maximum amount of Guarantee, given by the Government of Madras in respect of the debentures issued by the Madras Co-operative Central Land Mortgage Bank, Ltd., exclusive of such debentures as the said Bank might ~~form~~ time to time redeem, was increased the total value of Rs. 400 lakhs;

And whereas it is considered desirable to further increase the maximum amount of gurantee and for this purpose the Provincial Government have consulted both, the Chambers of the Madras Legislature;

Now therefore, in exercise of the powers conferred by section 6(2) of the Madras Co-operative Land Mortgage Banks Act, 1934 (Madras Act X of 1934) His Excellency the Governor of Madras hereby increases the maximum ~~he~~ amount of Guarantee in respect of debentures issued by the Madras Co-operative Central Land Mortgage Bank Ltd., (other than the debentures which the said Bank may ~~form~~ time to time redeem) upto a total ~~time~~ value from of Rs. 450 lakhs, subject to the following conditions, namely:

(ii) the debentures issued by the said Bank shall not in any case be for periods exceeding 25 years from the date of their issue; and

(iii) the interest on such debentures shall not exceed 5 per cent per annum.

(BY ORDER OF HIS EXCELLENCY THE GOVERNOR)

(Sd) x x
Secretary to Government.

To the Registrar of Co-operative Societies.
To the Accountant General through Finance Department.
To the Finance Department.
To the Finance(W & M)
To the Superintendent, Government Press for publication of notification in Fort St. George Gazette.
Copy to Stock File in Land Mortgage Banks.

/True copy/

for Superintendent,
Madras Record Office.

mr. 31.7.